

FACT SHEET

‘State Leadership in Healthcare Act’

Section 1332 of the Patient Protection and Affordable Care Act – the “Waiver for State Innovation” – allows states to waiver out of some of the requirement of federal health reform if they meet certain standards. The provision in the new law was authored by Sens. Bernie Sanders (I-Vt.) and strongly supported by Sen. Patrick Leahy (D-Vt.) and Rep. Peter Welch (D-Vt.).

The Sanders-Leahy-Welch “State Leadership in Healthcare Act” moves the availability of state waivers from 2017 to 2014. This would allow a state to avoid the expense of setting up an exchange – which is otherwise required in every state in 2014 – only to dismantle it later.

The federal waiver would allow a state to:

- a) Collect all the federal funding and use for financing coverage for individuals through a plan designed by and for that state.
- b) Coordinates this waiver process with Medicare, Medicaid and CHIP waiver processes that may be required depending on the design of the system. The state

The federal waiver would not allow a state to:

- a) Offer lower quality or less affordable care to their residents than would be available in the exchange.
- b) Obtain waivers from the health insurance market reforms implemented under the law such as those benefiting ending the use of pre-existing conditions to exclude individuals from coverage or those allowing young adults to stay on their parents’ plans longer.

How does the waiver provision of the law work?

Step 1: The state passes a law to provide health insurance to its citizens.

Step 2: The Secretary of Health and Human Services and Secretary of the Treasury review the state law and determine that the plan is:

- a) At least as comprehensive as its residents would receive in the exchange;
- b) At least as affordable;
- c) Deficit neutral to the federal government; and,
- d) Covers at least as many people.

Step 3: If the federal government finds that the alternative state system meets these requirements without certain federal rules, states can get a waiver. The state plan could receive waivers from:

- a) The section requiring establishment of the exchange
- b) The designs for how federal subsidies would have to reduce premiums and co-pays.
- c) The employer penalty for providing coverage
- d) The individual mandate.